

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA

SHREVEPORT, LOUISIANA

2007 OCT 19 AM 11:05

FINANCIAL STATEMENTS

June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/10/07

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

**COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.**

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council on Alcoholism and Drug Abuse
of Northwest Louisiana, Inc.
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a non-profit organization) as of and for the year ended June 30, 2007. These financial statements are the responsibility of Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated September 12, 2007 on my consideration of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards listed in the table of contents as supplementary information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, Non-Profit Organizations, and is also not a required part of the basic financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. The schedule of state contracts and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Marsha O. Millican

Certified Public Accountant
September 12, 2007

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COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.

Statement of Financial Position

June 30, 2007

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 376,905
Grants and Contracts Receivable	338,860
Prepaid Expenses	68,156
Investment	10,515
Other	<u>1,105</u>

Total Current Assets	795,541
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PROPERTY AND EQUIPMENT (NET)	1,287,696
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OTHER ASSETS

Deposits	<u>920</u>
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Total Assets	<u><u>\$ 2,084,157</u></u>
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LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Expenses	\$ 123,638
Compensated Absences Payable	31,184
Notes Payable - Current Maturities	<u>41,602</u>

Total Current Liabilities	196,424
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LONG-TERM LIABILITIES

Notes Payable - net of Current Portion	<u>308,710</u>
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Total Liabilities	505,134
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Net Assets:

Unrestricted	1,579,023
Temporarily Restricted	<u>-</u>

Total Net Assets	<u><u>1,579,023</u></u>
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Total Liabilities and Net Assets	<u><u>\$ 2,084,157</u></u>
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The accompanying notes are an integral part of this statement.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.

Statement of Activities

For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 173,940	\$ -	\$ -	\$ 173,940
Grants	-	439,942	-	439,942
Allocations from Federal				
Fund Raising Organization	-	45,479	-	45,479
Total Support	<u>173,940</u>	<u>485,421</u>	<u>-</u>	<u>659,361</u>
Revenue:				
Client fees	108,453	-	-	108,453
Program service fees	2,550,760	-	-	2,550,760
Rental revenue	5,072	-	-	5,072
Miscellaneous	10,048	-	-	10,048
Total Support and Revenues	<u>2,848,273</u>	<u>485,421</u>	<u>-</u>	<u>3,333,694</u>
Net Assets Released from Restrictions:				
Satisfaction of Usage Restrictions	<u>485,421</u>	<u>(485,421)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,333,694</u>	<u>-</u>	<u>-</u>	<u>3,333,694</u>
EXPENSES				
Program Expenses	2,648,424	-	-	2,648,424
Management and General	429,324	-	-	429,324
Total Expenses	<u>3,077,748</u>	<u>-</u>	<u>-</u>	<u>3,077,748</u>
Change in Net Assets	255,946	-	-	255,946
Other Expenses	-	-	-	-
Net assets, beginning of year	<u>1,323,077</u>	<u>-</u>	<u>-</u>	<u>1,323,077</u>
Net assets, end of year	<u>\$ 1,579,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,579,023</u>

The accompanying notes are an integral part of these statements.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Statement of Functional Expenses

Year Ended June 30, 2007

	<u>Caddo- Bossier Center</u>	<u>Adolescent Center</u>	<u>Buckhalter Program</u>	<u>Employee Assistance Program</u>	<u>STEPS</u>	<u>Family Success Institute</u>
Salaries	\$80,800	\$222,400	\$175,353	\$82,016	\$133,869	\$195,121
Payroll Taxes	7,208	19,335	14,911	6,757	11,422	16,219
Building Rent	-	1,424	5,400	-	18,000	1,424
Equip Rent/Lease	10	286	1,081	118	1,081	271
Fundraising Expense	-	-	-	-	-	-
Utilities & Telephone	576	24,900	670	6,313	4,740	24,844
Auto Expense	1,907	5,711	3,631	51	1,001	5,908
Insurance	17,912	25,372	25,428	11,249	20,193	32,214
Training & Travel	601	2,422	1,528	1,029	2,638	3,653
Food	17,366	31,133	48,526	-	23,490	32,825
Maintenance & Repair	698	20,301	2,068	2,343	2,074	21,287
Supplies	4,091	9,464	10,516	3,058	6,538	10,395
Printing & Literature	113	1,053	303	1,022	340	998
Depreciation	6,330	10,450	8,768	-	8,485	7,043
Professional Services	5,602	11,420	12,903	17,751	13,130	13,972
Advertising/Promotion	4	684	4	1,294	4	684
Interest Expense	-	-	740	-	-	-
Miscellaneous	2,049	5,221	6,374	1,653	4,770	8,777
Total	<u>\$145,267</u>	<u>\$391,576</u>	<u>\$318,204</u>	<u>\$134,654</u>	<u>\$251,775</u>	<u>\$375,635</u>

The accompanying notes are an integral part of this statement.

<u>Caddo Adult Drug Court</u>	<u>Biedenharn Center</u>	<u>Cavanaugh Center</u>	<u>Serenity House</u>	<u>The Cottage</u>	<u>Management and General</u>	<u>Total</u>
\$102,729	\$136,878	\$315,308	\$-	\$-	\$201,055	\$1,605,367
8,429	11,192	27,276	-	-	16,451	139,200
-	43,588	1,424	-	-	-	71,260
118	706	271	-	-	127	4,069
-	-	-	-	-	1,839	1,839
6,219	24,066	24,816	9,122	5,131	7,057	138,454
643	205	5,505	1	1	2,051	26,615
9,620	27,292	30,900	4,419	101	27,904	232,604
2,787	3,776	3,436	22	-	12,905	34,797
-	2,386	31,171	-	-	-	186,897
4,654	5,243	23,037	1,902	1,241	3,476	88,324
6,093	11,115	9,905	736	1,670	5,473	79,054
1,347	273	998	43	-	2,751	9,241
-	2,142	10,981	35	-	33,361	87,595
69,458	16,472	20,407	2,663	2,900	62,761	249,439
580	11	684	4	-	1,990	5,943
-	-	-	-	-	29,722	30,462
2,878	26,242	7,577	473	173	20,401	86,588
<u>\$215,555</u>	<u>\$311,587</u>	<u>\$513,696</u>	<u>\$19,420</u>	<u>\$11,217</u>	<u>\$429,324</u>	<u>\$ 3,077,748</u>

COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.

Statement of Cash Flows

For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 255,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	87,648
Changes in assets and liabilities:	
Decrease in grants and contracts receivable	45,018
Increase in prepaid insurance	(12,684)
Increase in investments	(10,515)
Decrease in other current assets	314
Increase in accounts and accrued expenses	150
Decrease in compensated absences payable	<u>(2,597)</u>
Net cash provided by operating activities	<u>363,280</u>

CASH FLOWS USED BY INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(46,802)</u>
Net cash provided by investing activities	<u>(46,802)</u>

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:

Proceeds from borrowings	361,416
Principal payments on debt	<u>(396,883)</u>
Net cash used by financing activities	<u>(35,467)</u>

Net increase in cash	281,011
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>95,894</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 376,905</u></u>
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Supplemental disclosures of cash flow information:

Cash paid during the year for interest expense	<u><u>\$ 25,111</u></u>
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The accompanying notes are an integral part of this statement.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

The Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is a nonprofit organization exempt for Federal income tax purposes under Section 501(C)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

B. Nature of Activities:

The purpose of the Council is to heighten public awareness that substance abuse is a preventable and treatable disease through a combined strategy of education, public policy changes and the efforts of individuals, families and all elements of the community working in concert. The council operates an information center providing a wide variety of information and referrals. The Council also operates the Caddo Bossier Center, the Adolescent Center, the Cavanaugh Center, and the Buckhalter Hotel that provide long-term residential treatment for adults and teens.

C. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D. Support and Revenue:

The Council receives its grant, contract support, and program service fees primarily from the State of Louisiana Department of Health and Hospitals and other State Agencies. The Council also receives funds from U.S. Department of HUD and the U.S. Small Business Administration. Support and revenue received from those grants and contracts is recognized on a "net funded" basis whereby State of Louisiana Department of Health and Hospitals, Office for Addictive Disorders funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and food stamp income in determining grant funds to be recognized. The Council receives client fees and food stamp income for billable client services and recognizes these fees as income when earned.

E. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Property and Equipment:

Purchased property and equipment are stated at cost. The Council's policy is to capitalize and depreciate long-lived assets with a cost of \$1,000 or more. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years (furniture and equipment) to 10 to 39 years (buildings, improvements and leasehold improvements).

G. Contributions:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

H. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates made by management include realization of receivables and depreciation.

I. Functional Allocation of Expenses:

The costs of providing the Council's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

I. Cash

At June 30, 2007, the carrying amount of the Council's cash balances on the books (including petty cash of \$2,608 and investments in Merrill Lynch Ready Assets of \$10,515) was \$387,420 whereas the related bank cash balances totaled \$423,076. The difference in the book and bank balances for cash relates primarily to checks written which did not clear the bank accounts by year-end. Cash balances of \$149,271 are insured by FDIC insurance. Deposits of \$273,805 are unsecured.

(Continued)

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2007

2. Grants and Contracts Receivable:

Grants and contracts receivable at June 30, 2007 are as follows:

Department of Health and Hospitals	\$ 175,917
Caddo Adult Drug Court	65,541
City of Shreveport	15,600
Other Receivables	<u>81,802</u>
Total	<u>\$ 338,860</u>

All grants and contracts receivable at June 30, 2007, are believed by management to be fully collectible.

3. Property and Equipment:

Property and Equipment consists of the following:

Buildings and Land	\$ 1,323,680
Leasehold Improvements	291,077
Furniture and Fixtures	35,325
Equipment	<u>570,915</u>
	2,220,997
Less Accumulated Depreciation	<u>(933,301)</u>
Property and Equipment - Net	<u>\$ 1,287,696</u>

4. Notes Payable:

Notes payable at June 30, 2007, consist of the following:

Note payable to AmSouth Bank, interest at 7.75%, \$3,847
monthly principal and interest beginning November 10, 2006
with a final installment equal to remaining principal and interest
due on October 10, 2012; collateralized by real estate

\$ 261,621

Note payable to AmSouth Bank, interest at 7.35%, \$1,740
monthly principal and interest beginning March 26, 2007
with a final installment equal to remaining principal and interest
due on February 6, 2012; unsecured

82,295

Note payable to AmSouth Bank, interest at 7.9%, \$516
monthly principal and interest through July 11, 2008,
collateralized by vehicle

6,396

Total notes payable

350,312

Less: Current portion notes payable

41,602

Long-term portion notes payable

\$ 308,710

(Continued)

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2007

4. Notes Payable (Continued):

Maturities of long-term debt including interest of \$87,542 are as follows:
6/30/2008-\$ 66,466; 6/30/2009-\$60,811;6/30/10-\$60,295;6/30/11-\$60,295;
6/30/12-\$189,987.

5. Rental Expense:

The Council leases the facilities that house its Caddo-Bossier Center on a year to year basis for \$1 per year.

The Council rents facilities for its Buckhalter and STEPS program on a month to month basis for a total of \$1,950 per month.

6. Contingencies:

Subsequent to year end, the Council was assessed penalties and interest of \$46,065 by the State of Louisiana for late filing of prior year payroll tax returns. Of the total amount, \$17,618 was abated by the State. The Council has requested full abatement of penalties and anticipates the request will be granted.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2007

FEDERAL GRANTOR/ PROGRAM TITLE *	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
<u>U.S. Department of Health and Human Services</u>				
Passed through the Louisiana Department Of Health & Hospitals:				
<u>Office for Addictive Disorders</u>				
Subs Abuse Counselor* LSUHSC	93.959	\$43,000	\$40,008	\$40,008
Halfway House * Caddo-Bossier Center	93.959	130,750	124,683	124,683
Halfway House * Adolescent Center	93.959	477,500	372,293	372,293
Halfway House * Buckhalter Hotel	93.959	149,500	149,500	149,500
Social Detoxification * S.T.E.P.S.	93.959	143,000	140,139	140,139
Halfway House * Family Success Institute	93.959	554,150	471,041	471,041
Access to Recovery *	93.959	189,942	189,942	189,942
Passed through the Louisiana Department of Social Services				
<u>Office of Community Svcs/Office for Addictive Disorders</u>				
Halfway House * Family Success Institute	93.959	41,072	15,729	15,729
Subtotal CFDA# 93.959		<u>1,728,914</u>	<u>1,503,335</u>	<u>1,503,335</u>
Passed through the Louisiana Department of Social Services				
Supreme Court/TANF 1st JDC - Caddo Adult Drug Court	93.558	47,106	47,106	47,106
Subtotal CFDA# 93.558		<u>47,106</u>	<u>47,106</u>	<u>47,106</u>
Total for U.S. Department of Health and Human Services		<u>1,776,020</u>	<u>1,550,441</u>	<u>1,550,441</u>
U.S. Department of HUD:				
Supportive Housing Program	14.235	250,000	250,000	250,000
Total - All Federal Awards		<u>\$2,026,020</u>	<u>\$1,800,441</u>	<u>\$1,800,441</u>

COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.

Schedule of State Contracts

For the Year Ended June 30, 2007

<u>FEDERAL GRANTOR/ PROGRAM TITLE *</u>	<u>CONTRACT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Louisiana Department Of Health & Hospitals:				
Office for Addictive Disorders				
LSUHSC*	045544	\$43,000	\$40,008	\$40,008
Pilot Emergency Room				
Halfway House *	045540	130,750	124,683	124,683
Caddo-Bossier Center				
Halfway House *	045538	477,500	372,293	372,293
Adolescent Center				
Outpatient Services	045543	38,000	37,924	37,924
Halfway House *	045539	149,500	149,500	149,500
Buckhalter Hotel				
Social Detoxification *	045545	143,000	140,139	140,139
S.T.E.P.S.				
Halfway House *	045542	595,222	486,770	486,770
Family Success Institute				
Inpatient Treatment	045541	674,600	619,082	619,082
Cavanaugh Center				
Access to Recovery * H79	Til6799-01	189,942	189,942	189,942
Total - Office for Addictive Disorders		2,441,514	2,160,341	2,160,341
Total - All State Contracts		\$2,441,514	\$2,160,341	\$2,160,341

* Indicates Federal Awards



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Council on Alcoholism and Drug Abuse
of Northwest Louisiana, Inc.
Shreveport, Louisiana

I have audited the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of and for the year ended June 30, 2007, and have issued my report thereon dated September 12, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Council on Alcoholism and Drug Abuse, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

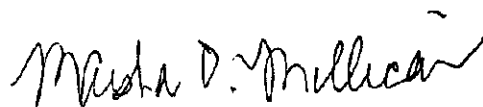
My consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information and use of management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Masha D. Mullica". The signature is fluid and cursive, with a small flourish at the end.

Certified Public Accountant
September 12, 2007



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Council on Alcoholism and Drug Abuse
of Northwest Louisiana, Inc.
Shreveport, Louisiana

Compliance

I have audited the compliance of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. My responsibility is to express an opinion on the Council's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Council's compliance with those requirements.

In my opinion, Council on Alcohol and Drug Abuse of Northwest Louisiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Council on Alcohol and Drug Abuse of Northwest Louisiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing my opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over compliance.

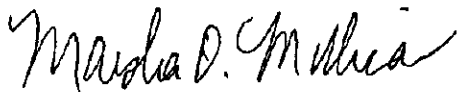
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

My consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Maria D. Mullica". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Certified Public Accountant
September 12, 2007

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Schedule of Findings

For the Year Ended June 30, 2007

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. The auditor's report on compliance for major federal award programs expresses an unqualified opinion on all major federal programs.
3. The programs tested as major programs included:
 - 93.959 Halfway House - Adolescent Center
 - 93.959 Halfway House - Family Success Institute
4. The threshold for distinguishing Type A and B programs was \$500,000.
5. Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. was determined to be a low risk auditee.

FINDING/NONCOMPLIANCE

There were no findings for the year ended June 30, 2007.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2007

There were no findings for the year ended June 30, 2006.